Warner, John DeWitt

Silver and protection

New York

1891

98-84336-20
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

# BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD



Warner, John De Witt, 1851-1925.
Silver and protection. New York, ~~1891.~~ Sound Currency, 1891.
p. 462-476. 23 cm.

From Sound currency, June 30, 1891, v.4, no.8.

Volume of pamphlets.

Only Ed



## TECHNICAL MICROFORM DATA

FILM SIZE: 35mm REDUCTION RATIO: 11:1 IMAGE PLACEMENT: IA IIA IB IIB

DATE FILMED: 2-13-98 INITIALS: PB

TRACKING # : 31273

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

# TARIFF REFORM.

PUBLISHED SEMI-MONTHLY BY THE TARIFF REFORM COMMITTEE OF THE REFORM CLUB.
Publication Office, No. 52 William Street, New York City.
ENTERED AT THE POST-OFFICE, NEW YORK, AS SECOND-CLASS MATTER.

Vol. IV. No. 8. NEW YORK, JUNE 30, 1891. Price, Three Cents. Terms, $1.00 a Year.

*We, who are less benefited than any other portion of the Union by a high protective tariff, are asked to stand each session by the duties which the East formulates; and when* **we ask that our silver shall be also protected,** *we are called speculators.*—EDWARD O. WOLCOTT, Republican Senator from Colorado, June 18, 1890

"*We believe that by the expenditure of $40,000 or $50.000 the Boards of Trade of Chicago and New York, and even of old goldite Boston, could be made to pass resolutions asking Congress to give full recognition to silver. The silver committee, who are working for remonetization, think that with a small amount of money, used this year right away, they could bring such a pressure behind Congress and the President next winter as to secure the needed legislation.* **That legislation would make to the men who produce silver in this territory a difference of $3,000,000 per year.**"—SALT LAKE TRIBUNE (Mine Owners' Organ), April 30, 1891.

"*As 'American production,' would he have equal anxiety to advance the price of iron, wool and copper, by demanding, as he does in the case of silver,* **that the Government shall purchase and hold forever the whole annual product?** Hon. JUSTIN S. MORRILL, June 2d, 1890.

"*Any owner of * * * silver bullion, not too base for the operations of the mint, may deposit the same at any mint of the United States in amounts of not less value than $100.00, to be coined into standard dollars, for his benefit, without charge; * ** **provided further, that all silver bullion, not the product of the mines, mills or smelters of the United States, * * shall be subject to a mint charge, * * * which charge shall be equal to the difference between the market value of said silver bullion at London, England, at the time of its deposit and the coinage value thereof".**—SUBSTITUTE FOR THE FREE COINAGE BILL, *which the silver leaders proposed just as the bill was expected to be put on its final passage.*

"*First.—To limit free coinage to silver produced in the United States.* **This could be done by levying a prohibitive tariff on imported silver.**"—"A SUGGESTION," by Russell B. Harrison's *Illustrated Newspaper*, June 20th, 1891.

## SILVER AND PROTECTION.

BY JOHN DE WITT WARNER.

PAGE.

## SILVER A COMMODITY.

Silver is a limited and useful commodity. As such it has value. Like all other useful commodities its value depends upon supply and demand, when competition in buying and selling is free. The supply of silver depends upon its cost of production, and is limited by such cost; and in turn the price of silver determines whether it is profitable for the silver producer to continue his mining operations or to stop them. On the other hand, the demand of silver depends upon the uses to which it is put and its market price. But back of and controlling the demand and the price is the cost of getting the other commodities which can take the place of silver in consumption and which will be used for silver if the price of silver rises too high. This fact is true of other commodities as well. When copper ruled at 11 cents per pound and lower it was largely used in architectural work and decoration as a substitute for sheet iron, but recently when the price rose over fifty per cent. its use for such purposes was discontinued. Silver is, therefore, subject to all the conditions which affect other commodities, as iron, copper, tin, leather, wool, etc. It is bought and sold as a commodity at so much per ounce; its price fluctuates as does that of other commodities from week to week and from period to period. As one commodity may fluctuate more in price than another, so silver may be said to fluctuate more in price than gold, for instance, and less than wheat.

History is full of instances showing that though gold and silver have from the first been used as money, their value has fluctuated with fluctuations in supply and demand, just as the price of meat or corn fluctuates to-day. In the first part of the fourth century, B. C., an ounce of gold bought twelve ounces of silver, but when the pillage of Delphi occurred in 357, B. C the supply of gold was increased by 10,000 talents, and an ounce bought only ten ounces of silver. The same thing occurred in Rome when Cæsar returned from Gaul with a large amount of gold. This new supply caused gold to fall in value with reference to silver, so that an ounce of gold was worth only nine ounces of silver, whereas previous to that time the proportions had been as high as one to seventeen. Before the discovery of America an ounce of gold was worth only twelve ounces of silver, but the large amount of silver from America so lowered its price that by 1717 an ounce of gold was worth in England over 15½ ounces of silver.

The price of silver varies from time to time just as does that of other articles, according to the relation of the demand for it to the supply. In view, however, of the fact that it is practically indestructible, wears away but slowly, and but little is lost, **the supply—the whole stock in the world—depends but little upon the annual production.** As a result, an increase in the demand would not be apt to produce other than a local or temporary rise in price, except after a long term of years; while an increase in the annual supply would long continue before its effect on the whole mass of silver in existence would materially reduce its price.

As a result of this, it may be assumed that a fall in price of silver continuing for years, is the sign of the working of permanent forces, against which no legislation can have other than a most temporary effect. This is strikingly illustrated by the history of our silver legislation. From 1859, when an ounce of silver was worth $1.38 in gold, it steadily and slowly declined till in 1873, it was worth $1.29 (or par in our coinage with gold). By 1878 it had declined to $1.15, when the Bland Act was passed, providing for the coinage of $2,000,000 per month in silver dollars. The decline seemed arrested, and in 1880 it was still worth $1.15, when it steadily fell again, until in 1888 it was worth less than 94 cents per ounce. In that year commenced agitation by mine owners, the buying up of silver on their part to relieve the market, and the clamor for silver legislation, until in 1890 the mine owners secured the passage of a bill by which **the government agreed to take six tons of silver a day, and store it so that it should not come on the market.** Under this enormous stimulus, the price of silver rose within eight months from 96⅛ cents to $1.21 per ounce (August 1890). But then, even in the face of this enormous "bulling" by government, the price commenced to fall again; and, though six tons per day is still taken from the market by the United States, the price for the last few months has ranged most of the time below 98 cents per ounce—though latterly on rumors that the coinage was to be increased, and the aggressive renewal of the silver agitation by the National Silver League meeting in New York city, it has gone above $1.00 per ounce.

The following table of silver prices for each day of 1890, and for the first five months of 1891, illustrates better than can any other explanation, at once the *temporary* speculative effect produced by legislation and the prospect of legislation, or how utterly powerless is such legislation to produce any permanent effect—except that of loading up the government with useless silver.



SILVER PRICES.

| | 1890 | | | | | | | | | | | | 1891 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | January. | February | March. | April. | May. | June. | July. | August. | September. | October. | November. | December. | January. | February. | March. | April. | May. |
| 1 | ...... | 97⅜ | [illegible] | 95⅝ | 101¼ | ...... | 103⅞ | 113¼ | ...... | 112¾ | 105¾ | 106¼ | ...... | ...... | ...... | 98⅝ | 98¼ |
| 2 | ...... | ...... | ...... | 95⅝ | 102½ | 101¼ | 104 | 113 | 118¾ | 113 | ...... | 106 | 104⅜ | 101⅛ | 97¾ | 98½ | 98⅛ |
| 3 | ...... | 97⅛ | 95⅛ | 95¾ | 101⅞ | 101 | 104 | ...... | 119 | 113 | 106 | 105¼ | 104¼ | 101¾ | 98 | 98⅛ | ...... |
| 4 | ...... | 97 | 96 | ...... | ...... | 102⅛ | ...... | 112¼ | 117⅛ | 112¼ | ...... | 104⅛ | ...... | 102⅛ | 98 | 98 | 99¼ |
| 5 | ...... | ...... | 95¼ | 95¾ | 102 | 103 | 104¼ | 112⅜ | 116¾ | ...... | 106 | 105 | 104 | 102¼ | 97¾ | ...... | 98¼ |
| 6 | ...... | 96⅝ | 95¼ | ...... | 100¾ | 104 | ...... | 111⅝ | 116¾ | 111⅛ | 104⅛ | 103¾ | 104⅛ | 101⅛ | 98 | 98 | 98¼ |
| 7 | ...... | 96¾ | 95⅝ | 95¾ | 100¼ | 104⅛ | 104⅛ | 111⅛ | ...... | 110⅛ | 102 | ...... | 104⅛ | 100¼ | 97⅞ | 97⅜ | 98¼ |
| 8 | ...... | 96¾ | 95⅝ | 95½ | 101¼ | ...... | 104¾ | 112 | 116⅛ | 111 | 103 | 102¼ | 104⅝ | ...... | ...... | 97⅝ | 98 |
| 9 | ...... | ...... | ...... | 96 | 103⅛ | 105¼ | 105½ | 112⅛ | 116¼ | 110⅛ | ...... | 102 | 104¾ | 100¼ | 98¼ | 97⅛ | 97⅝ |
| 10 | ...... | 96¾ | 95⅛ | 96⅜ | 103 | 105¼ | 106 | ...... | 117¼ | 110 | 102⅛ | 103¾ | 105¼ | 101½ | 98⅜ | 97⅝ | ...... |
| 11 | 96⅛ | 95¾ | 95⅛ | 96⅝ | ...... | 104⅛ | 106⅛ | 113¼ | 116¾ | 110⅛ | 102⅛ | 104 | ...... | 101⅝ | 98½ | 97⅝ | 98¾ |
| 12 | ...... | 95½ | 95⅛ | 96⅝ | 103 | 104 | 107 | 112¼ | 114⅛ | ...... | 102⅛ | 105⅛ | 106¼ | 101¼ | 98¾ | ...... | 97½ |
| 13 | 96⅛ | 95¼ | 94⅞ | ...... | 103 | 104¼ | ...... | 112 | 115 | 110¼ | 102¾ | 104 | 105⅝ | 100¼ | 99¼ | 97¾ | 97½ |
| 14 | 96½ | 95 | 95 | 97⅛ | 108 | 104¼ | 108 | 112⅝ | ...... | 109⅛ | 102¾ | ...... | 106⅛ | 100 | 99⅛ | 97⅛ | 97½ |
| 15 | 97 | 95⅛ | 95¼ | 98⅛ | 103¼ | ...... | 109¼ | 113¾ | 115 | 108¾ | 102 | 108 | 105 | ...... | ...... | 97⅜ | 97½ |
| 16 | 97⅜ | ...... | ...... | 99¼ | 103¼ | 104¾ | 109¾ | 116 | 115⅛ | 109 | ...... | 108 | 105 | 101 | 99⅛ | 97⅛ | 97¾ |
| 17 | 97⅝ | 95⅛ | 95¼ | 100⅛ | 104⅛ | 104¾ | 109¼ | ...... | 116 | 109¾ | 100 | 107 | 105⅜ | 97⅛ | 9 ⅝ | 97¼ | ...... |
| 18 | 97⅝ | 95¾ | 95¼ | 102 | ...... | 105 | 109 | 118¾ | 116 | ...... | 99¾ | 107⅛ | ...... | 97½ | 98⅛ | 97¼ | 97¾ |
| 19 | ...... | 95¼ | 95 | 102 | 104 | 104¼ | 108⅞ | 119¾ | 115½ | ...... | 96½ | 106 | 106 | 98⅛ | 99¼ | ...... | 97½ |
| 20 | 97¼ | 95¼ | 95 | ...... | 103⅛ | 104¼ | ...... | 119¼ | 115¼ | 109 | 98¼ | 104⅛ | 105⅛ | 98½ | 99 | 97 | 97½ |
| 21 | 96¾ | 95¼ | ...... | 99¾ | 103½ | 104 | 109⅞ | 118¾ | ...... | 108¾ | 100¾ | ...... | 105 | 96¼ | 98¾ | 96⅜ | 97 |
| 22 | 96⅛ | ...... | 95 | 98⅛ | 103 | ...... | 109⅛ | 118¼ | 115 | 109 | 102 | 102¾ | 103⅛ | ...... | ...... | 96 | 96¾ |
| 23 | 97 | ...... | ...... | 100⅛ | 103 | 104 | 109¼ | 119⅛ | 112¾ | 108 | ...... | 101⅛ | 103½ | ...... | 98⅛ | 96¼ | 96⅞ |
| 24 | 97⅛ | 95½ | 95 | 102⅛ | 103¼ | 104 | 109⅛ | ...... | 113 | 105 | 103 | 102¼ | 103⅛ | 96¾ | 97⅞ | 96⅛ | ...... |
| 25 | 97⅝ | 95⅛ | 95⅛ | 105 | ...... | 104 | 109 | 119 | 112¾ | 103 | 102⅛ | ...... | ...... | 97½ | 97½ | 97⅛ | 96¾ |
| 26 | ...... | 95⅜ | 95¼ | 106⅛ | 103 | 104¼ | 109 | 118¼ | 112 | ...... | 103 | 102½ | 103⅝ | 97 | 97½ | ...... | 96⅞ |
| 27 | 97⅞ | 95⅛ | 95⅛ | ...... | 102½ | 104¼ | ...... | 118¼ | 112 | 104 | ...... | 102¼ | 104 | 97 | 97½ | 97⅛ | 97 |
| 28 | 97⅛ | 95⅛ | 95⅝ | 105 | 102¼ | 104¼ | 109¼ | 118¾ | ...... | 106 | 105 | ...... | 103¾ | 97⅛ | 97¾ | 97⅜ | 97 |
| 29 | ...... | | 95⅝ | 105 | 102⅛ | ...... | 110 | 119¼ | 110 | 106⅛ | 106⅛ | 102 | 103⅝ | | ...... | 97½ | 96¾ |
| 30 | 97⅝ | | ...... | 101⅝ | ...... | 104 | 110⅛ | ...... | 109⅛ | 106 | ...... | 103 | 102 | | 97⅞ | 97⅝ | ...... |
| 31 | 97⅞ | | 95⅝ | | 101⅛ | | 111¾ | 118¼ | | 105⅛ | | 103⅜ | 102 | | 98 | | ...... |
| Av. | 97 1/6 | 95 19/22 | 95 11/25 | 99 30/100 | 102 91/100 | 104 4/25 | 107¾ | 115 4/5 | 115 | 108 23/26 | 102 29/50 | 105 1/7 | 104 11/25 | 99⅛ | 98¼ | 97 7/8 | 97 10/26 |

## USES OF SILVER.

Since there are two uses to which silver is put there are two markets in which it is bought and sold. If the miner of silver finds that he can get more for his product by coining or having it coined into money than in the bullion market it is coined into money. But if silver is worth less as coin than as bullion, no more is coined and what had been coined already is often remelted and sold as bullion.

It is impossible to tell what proportion of the world's present supply of silver is in coin and in use in the arts, respectively. Silver being current and marketable as coin is often put into that shape at once, and, the mint assuring the purity of the silver coins, coined silver is a favorite resort of those who wish to melt it for use, so that as compared with the amounts really used for coinage an inordinate proportion of the current product is minted. Then, too, a considerable part of the silver coined each year consists of old pieces called in and recoined. The result is that the use of silver in the arts is really much greater in proportion to the amount used as coin than the figures as to the disposition of the world's annual product would indicate. That this is the case is apparent in the following table, which shows that for three years—1885-1887—more silver was coined than produced.

| | Kilograms. | |
|---|---|---|
| | Silver Produced. | Silver Coined. |
| 1885 | 2,954,766 | 3,050,158 |
| 1886 | 3,027,632 | 3,004,189 |
| 1887 | 3,259,144 | 3,873,553 |

The United States, India, Japan and Mexico, are the largest coiners of silver. The countries of Europe coin silver into subsidiary or fractional coins only, since they have now adopted the single standard.

It has been estimated that of the world's supply of silver from three-fourths to five-sixths is in shape other than coin. Silver may be therefore considered as a metal, one-fifth of the total production of which is permanently used for coin and four-fifths in the arts. The demand for the latter use as compared with the supply, which no legislation can affect, therefore constitutes the essential factor in fixing the permanent price of silver. Since, however, silver used in the arts is to so large an extent in the form of articles of personal and family use, which after their first sale by the manufacturer return but slowly to the channels of trade, while the smaller amount in use as coin is kept in constant circulation, disturbance in the supply of the latter, either by increase or decrease, produce a more marked *temporary* effect.

## HISTORY OF OUR USE OF SILVER AS MONEY.

The making of legal money by coining and stamping metals is a function of government. It is necessarily so in order to secure uniformity and stability of value. Our constitution provides that "Congress shall have power to coin money and regulate the value thereof."

In 1789, when the present Government was formed, there was no fixed circulating medium used in the colonies. In some of the colonies accounts were based upon the English pound and shilling, in others on the Spanish milled dollar. On the whole the latter was generally used, and on it was based the paper currency issued, and in which it was expected the paper money should be redeemed. Nothing was done during the existence of the Confederacy in the direction of establishing a uniform monetary system. Men like Robert Morris urged the establishment of a system of coinage based on silver alone, because they did not think that both gold and silver could be used on an equal footing, the ratio of value being never constant but always varying. Others, like Jefferson and Hamilton, favored the use of both gold and silver. Hamilton preferred the use of gold to silver, but was inclined to believe that both metals could be used on an equal footing. He therefore favored a double standard, while Morris preferred a single standard.

Hamilton's plan prevailed, and Congress, in 1792, established the double standard of coinage, with the dollar as the unit. The dollar consisted of $371\frac{1}{4}$ grains of pure silver or $24\frac{3}{4}$ grains of pure gold, on the basis that an ounce of gold was worth exactly 15 ounces of silver in the bullion market. Hamilton did not take the trouble to find out whether this was true or not, but guessed at it. His guess was found to be nearly correct. No gold dollars were coined, but the eagle or ten dollar piece was made the basis of the gold coinage. The silver coins less than one dollar contained a proportionate amount of pure silver with the dollar piece, that is, two half dollars, four quarter dollars, ten ten cent pieces and twenty five cent pieces, contained $371\frac{1}{4}$ grains of pure silver. Coinage was made free, so that anyone having $371\frac{1}{4}$ grains of silver or 247.5 grains of gold, could sell them to the mint and get in exchange a silver dollar or a gold eagle.

At that time the United States produced no silver, and all that was used came from Mexico, Spain and South America as bullion and coin. The new system worked well for a time, until it was found that silver was worth more as coin than as bullion, as the following table shows, which gives the average number of ounces of silver required to buy an ounce of gold in each year.

| YEARS. | Ounces. | YEARS. | Ounces. | YEARS. | Ounces. | YEARS. | Ounces. |
|---|---|---|---|---|---|---|---|
| 1793 | 15.00 | 1804 | 15.41 | 1815 | 15.26 | 1826 | 15.76 |
| 1794 | 15.37 | 1805 | 15.70 | 1816 | 15.28 | 1827 | 15.74 |
| 1795 | 15.55 | 1806 | 15.52 | 1817 | 15.11 | 1828 | 15.78 |
| 1796 | 15.65 | 1807 | 15.43 | 1818 | 15.35 | 1829 | 15.78 |
| 1797 | 15.41 | 1808 | 16.08 | 1819 | 15.33 | 1830 | 15.82 |
| 1798 | 15.59 | 1809 | 15.96 | 1820 | 15.62 | 1831 | 15.72 |
| 1799 | 15.74 | 1810 | 15.77 | 1821 | 15.95 | 1832 | 15.73 |
| 1800 | 15.68 | 1811 | 15.53 | 1822 | 15.80 | 1833 | 15.93 |
| 1801 | 15.46 | 1812 | 16.11 | 1823 | 15.84 | | |
| 1802 | 15.26 | 1813 | 16.25 | 1824 | 15.82 | | |
| 1803 | 15.41 | 1814 | 15.04 | 1825 | 15.70 | | |

Almost immediately after the double standard went into effect it was found that silver was more valuable as coin than as bullion. Even in 1795, for instance, an ounce of gold would buy in the market 15.55 ounces of silver, or what is the same thing, 15.55 ounces of silver would buy an ounce of gold, while at the mint only 15 ounces of silver were required to buy an ounce of gold.

Under these circumstances the man who had 100 ounces of gold would go into the bullion market and buy 1555 ounces of silver, 1500 ounces of which he could take to the mint and have coined into \$1,939.39, with which he would buy gold wherever he could find it. He might, for instance, offer a dry goods merchant a small premium on all the gold eagles the latter received from his customers, for most people do not consider or even take the trouble to find out whether the ten dollars in gold they hold in one hand is worth more than the ten silver dollars they hold in the other. In this way the money broker, as he who buys and sells money is called, finds that he has made by his transaction 55 ounces of silver, or over \$71.

**It was found that just this thing took place, and soon no gold coin was found in circulation in the United States.** And that though the act of 1792 was intended to establish a double standard, it really established a single standard of silver, just the one Robert Morris wanted. This turning of gold coin into bullion and silver bullion into coin, got so profitable that in 1805 the coining of silver dollars was stopped. The cause of all this was that silver had fallen in value as a result of increased production. From 1760 to 1780 the world's annual production of silver was $3\frac{1}{2}$ times that of gold in amount. But from 1781 to 1800 it was $49\frac{2}{5}$, and from 1801 to 1810 $50\frac{1}{3}$ times that of gold. Hence its fall in value with reference to gold.

16,002155+



In 1834 a change took place. Previous to this the ratio of gold to silver in the coinage was as 1 to 15. By the act of 1834, however, this ratio was changed to 1 to 16. No change was made in the silver dollar, which still continued to contain $371\frac{1}{4}$ grains of pure silver, but the amount of pure gold in the eagle was reduced from $247\frac{1}{2}$ grains to 232, so that the ratio established was about 1 to 16 (exactly 1 to 16.012). But in the market an ounce of gold brought only 15.7. So that by this act silver was worth less in coin than in bullion, and gold more in coin than in bullion, and as a result, though coinage was still free, silver began at once to go out of circulation, since it was worth more in the bullion market than at the mint. At the same time gold took its place in circulation. **So effective was this law that in 1837 and 1838 not a single silver dollar was coined.**

Another change in '37 made the ratio 1 to 15.98837+

In 1853 another change was made in our coinage laws. Previous to 1853 the silver coins of denominations less than a dollar were full legal tender, and contained as much silver proportionately as did the dollar. The act reduced the number of grains of pure silver in these coins to $345\frac{3}{5}$ per dollar's worth, that is, the half dollar, which before contained 185.625 grains, was made to contain 172.8. This made their coinage value greater than their bullion value, and therefore, no one could make a profit by melting them. At the same time the law permitting free coinage was repealed with reference to them. No mention was made in the act of the silver dollar, in fact it was worth too much as bullion to stay in circulation. Very few were coined, and for all practical purposes it had long disappeared from sight. No change was made by this act in the coinage ratio which still undervalued silver.

By 1853 the new sources of the supply of gold had so far affected its supply that its price began to fall, and this in turn decreased the amount of silver needed to buy an ounce of gold, and in that way still further increased the disproportion. By 1862 gold had fallen in value at least 9 per cent., and probably 15 per cent. This had a tendency to decrease the scarcity of silver coin still more. From 1834 down to 1878 there was no thought of a double standard.

From 1862 to 1878 our money was paper, and this period, therefore, can be passed over in our consideration of the use of silver as coin. One change, however, was made before 1878 in regard to silver. The act of 1873 prescribed which coins should be coined from silver; these were the trade dollar, half-dollar, quarter-dollar and dime. **No mention was made of the silver dollar. It had been entirely forgotten, for it had been out of circulation over a quarter of a century.** By the act of June, 1874, it was provided that all the silver coins of the United States should be limited in legal tender power to sums not exceeding \$5.00 in any one payment.

Briefly summarized, therefore, the act of 1792 created a single standard of silver instead of a double standard, as was Hamilton's intention; the act of 1834 established the gold standard by arbitrarily undervaluing silver in the coinage; the act of 1853 continued the gold standard by not changing the coinage ratio, and at the same time made subsidiary all our fractional silver currency. The act of 1873 in effect prescribed that no more silver dollars should be coined; and the act of 1874 demonetized by depriving of their legal tender power the silver dollars which were in existence, none of which however, were in sight.

In 1878 a new law touching the use of silver as money, known as the Bland Act, was passed. This act provided for the compulsory purchase and coinage into silver dollars of at least \$2,000,000, and not over \$4,000,000, worth of silver per month. Under its provisions the Secretary of the Treasury purchased no more silver per month than he was required to do by the law. From 1878 to June 30, 1890, the Treasury Department bought and coined under this act \$369,426,466.

A later silver act, taking effect August 14, 1890, provided for the compulsory purchase by the Secretary of the Treasury of 4,500,000 ounces per month, to be paid for at the market price, provided that that price shall not exceed \$1.00 per $371\frac{1}{4}$ grains of pure silver. At least 2,000,000 ounces are to be coined each month until July 1, 1891, after which there is to be coined only so much as may be needed to redeem the treasury notes which are issued in payment of the silver purchased whenever they shall be presented for payment. According to the provisions of this act, as long as the market price of silver remains at or below \$1.00 per $371\frac{1}{4}$ grains, the Secretary of the Treasury must continue to buy all the silver bullion offered to him for sale to the extent of 54,000,000 ounces per year, 24,000,000 ounces of which are to be coined into \$31,030,303, the remainder purchased to be stored in the form of bullion in the Treasury vaults till called for, for use in redeeming the notes issued in payment for it.

## SILVER PRODUCTION AND PRICES.

The following table shows the world's production of silver in troy ounces estimated by the Director of the United States Mint. The United States produces over one-third of the whole supply, the remainder being produced chiefly by Mexico, South America and Germany.

| Year. | World except U. S. Ounces. | U. S. Ounces. | Total World. Ounces. |
|---|---|---|---|
| 1885 | 51,710,827 | 39,916,733 | 91,626,560 |
| 1886 | 53,861,860 | 39,452,583 | 93,314,443 |
| 1887 | 55,868,010 | 41,275,938 | 97,143,957 |
| 1888 | 64,394,589 | 45.792,081 | 110,186,670 |
| 1889 | 74,769,000 | 50,000,000 | 124,769,000 |
| 1890 | 78,180,000 | 54,500,000 | 132,680,000 |

U. S. PRODUCTION OF SILVER.

| YEARS. | Pure Silver produced. | Coinage Value. | Market Value. | Market Value per pure ounce. |
|---|---|---|---|---|
| | Ounces. | | | |
| 1859 | 77,344 | $100,000 | $106,874 | 1.3818 |
| 1860 | 116,016 | 150,000 | 156,818 | 1.3517 |
| 1861 | 1,546,875 | 2,000,000 | 2,061,381 | 1.33261 |
| 1862 | 3,480,469 | 4,500,060 | 4,685,581 | 1.34625 |
| 1863 | 6,574,219 | 8,500,000 | 8,841,996 | 1.34495 |
| 1864 | 8,507,813 | 11,000,000 | 11,442,584 | 1.35495 |
| 1865 | 8,701.172 | 11,250,000 | 11,642.864 | 1.33808 |
| 1866 | 7,734,375 | 10,000,000 | 10,350,031 | 1.33944 |
| 1867 | 10,441,306 | 13,500,000 | 13,983,462 | 1.32711 |
| 1868 | 9,281,250 | 12,000,000 | 12,308,524 | 1.32574 |
| 1869 | 9,281,250 | 12,000,000 | 12,295,520 | 1.32436 |
| 1870 | 12,375,060 | 16,000,000 | 16,422,986 | 1.32711 |
| 1871 | 17,789,063 | 23,000,000 | 23,583,672 | 1.32574 |
| 1872 | 22,236,328 | 28.750,000 | 29,387,521 | 1.32160 |
| 1873 | 27,650,391 | 35,750,000 | 35,899,332 | 1.29833 |
| 1874 | 28,849,872 | 37,300,000 | 36,864,943 | 1.27782 |
| 1875 | 24,539,265 | 31,727,560 | 30,582,795 | 1.24628 |
| 1876 | 29,996,239 | 38,783,016 | 34,671,753 | 1.15587 |
| 1877 | 30,777,842 | 39,793,573 | 36,967,573 | 1.20111 |
| 1878 | 35,022,321 | 45,281,385 | 40,339,410 | 1.15182 |
| 1879 | 31,565 633 | 40,812,132 | 34,881,288 | 1.12304 |
| 1880 | 30,319,436 | 39,200,000 | 34,713,192 | 1.14493 |
| 1881 | 33,257,813 | 43,000,000 | 37,667,798 | 1.13260 |
| 1882 | 36,196,875 | 46,800,000 | 40,946,629 | 1.13122 |
| 1883 | 35,732,813 | 46,200,000 | 39,590,170 | 1.10794 |
| 1884 | 37,743,750 | 48,800,000 | 41,871,407 | 1.10936 |
| 1885 | 39,909,375 | 51 600,000 | 42,524,636 | 1.06553 |
| 1886 | 39,445,313 | 51,000,000 | 39,219 985 | .99428 |
| 1887 | 41,268,305 | 53,357,000 | 40,352,974 | .97782 |
| 1888 | 45,792,682 | 59,206,700 | 43,024,514 | .93955 |
| 1889 | 50,000,000 | 64,646,464 | 46,750,000 | .93575 |
| 1890 | 54,500,000 | 70,464,645 | 57,225,000 | 1.05 |

The above table shows the silver production of the United States as estimated by the Director of the Mint. The Director of the Mint gives only the coinage value, from which we have determined the production in ounces. The market value and average yearly prices given above have been determined from the average yearly price of standard silver in London, as given by Pixley & Abell and the London *Economist*.

## HOW SILVER IS "PROTECTED."

During the first half of the present century silver fell very little in value in gold prices. Upon the discovery of gold in California and Australia, so much gold was thrown upon the markets of the world that by 1862 it had fallen at least 9 per cent., and probably nearly 15 per cent. (according to Prof. Jevons) in value. This had a tendency to restore the price of silver to its old basis. Measured in gold, silver rose considerably in value. With the increased production of gold, however, came an increased demand for it on the part of the nations of Europe. In the first place, gold began to flow to the French mint and to replace silver in the French coinage from natural causes. A short time later Germany decided to change from a mixed silver and paper coinage to the gold standard. All the other important silver nations of Europe soon followed her example.



The results of this change in policy affected the price of silver in a two-fold way. The mint market for silver was largely contracted by stopping free coinage and by cessation from further purchases on the part of European governments. At the same time the supply of silver in the bullion market was largely increased by the accession of large quantities of silver formerly used as coin and now remelted into bullion. These changes in the relations of supply and market demand are the cause of the decrease in the price of silver.

It was not until the fall in the price of silver became very prominent in the seventies that silver producers sought "protection" by governmental action. Bill after bill was introduced into the House of Representatives providing either for the free coinage and forced legal tender of silver at 371¼ grains per $1, or for the purchase of silver by the National Government for coinage purposes. All arrived at the same point, the use of government funds, raised by taxation of the people, in the purchase of silver, this in order to create an unnatural market, and thus to arrest further fall in its price.

The Bland Act of 1878 was a silver protective measure in that it provided for the compulsory purchase on the part of the Treasury of at least $24,000,000 worth of silver per year.

That a temporary rise in the value of silver was procured, or rather the fall in value was retarded by the Bland Act, was admitted by the leader of the silver party in Congress, Senator Teller, as the following colloquy shows: "Senator Blair—"If, as the Senator claims, free coinage would put silver up to par, why would not the coinage of $2,000,000 a month put it up some?" Senator Teller—"Two millions a month did put it up. It sustained it."

This was only temporary. That the price was still controlled by the whole amount of silver in existence, is proved by the lower fall in price since than before the Bland Act.

The new silver law,* approved July 14, 1890, provides for the purchase of 4,500,000 ounces **or above 180 tons** of silver per month, or nearly 8,000,000 ounces more than the total production of the United States in 1888.

"The new silver law is infinitely better for the silver producer than the old one, for the reason that it gives an American market for the entire American silver produced. Under the new law the Government is obliged to buy monthly 4,500,000 fine ounces of silver, or about the entire monthly production of all the mines in the United States. The immediate result of this bill, as was anticipated, is the enhancement of the price of silver."—*Frank Leslie's Newspaper, August 23, 1890.*

Such, in truth, was the purpose of the men who formulated and procured the enactment of the new silver law. **It was to provide a market for silver by artificially creating one at public expense.** By this law the Treasury must buy 54,000,000 ounces of silver per year, which by 1900 will make 540,000,000 ounces of silver stored in the vaults of the Treasury, only 24,000,000 ounces of which will be coined. Even with this stimulus, as we have seen, the price has been raised but temporarily, and is now but little, if any, higher than it would otherwise have been, when the late great increase in demand by the development of silver uses in the arts—due largely to the fall in price of silver—is taken into account. These uses are admittedly not now increasing faster than the increase in supply; so that there seems no hope of any large or permanent increase in the price of silver. On the contrary, it bids fair to decline slowly until its decline is accelerated by the cessation of government aid, or turned into a plunge by the government disposing of its surplus silver.

## THE MINE OWNERS' GRAB FOR "PROTECTION."

IN 1890.

That the object and effect of the Silver Bill is "protection," and not a question of currency was promptly recognized. Said Senator Morrill of Vermont:

"The distinguished Senator from Colorado (Mr. Teller) said; 'I desire to disclaim for myself any anxiety or any special interest in advancing the price of American silver, save and except that it is an American production.' As 'American production,' would he have equal anxiety to advance the price of iron, wool and copper, by demanding, as he does in the case of silver, **that the Government shall purchase and hold forever the whole annual product?** 'It is demanded for silver,' the Senator says, 'in the interests of humanity, civilization, and of the whole human race.' * * * When Frederick the Great was once about to seize and annex an adjoining province,

**Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled*, That the Secretary of the Treasury is hereby directed to purchase, from time to time, silver bullion to the aggregate amount of four million five hundred thousand ounces, or so much thereof as may be offered in each month, at the market price thereof, not exceeding one dollar for three hundred and seventy-one and twenty-five hundredths grains of pure silver, and to issue in payment for such purchases of silver bullion Treasury notes of the United States, to be prepared by the Secretary of the Treasury, in such form and of such denominations, not less than one dollar nor more than one thousand dollars, as he may prescribe, and a sum sufficient to carry into effect the provisions of this act is hereby appropriated out of any money in the Treasury not otherwise appropriated.

he directed his minister to prepare a proper proclamation setting forth his purpose. Whereupon the minister began one by saying, 'In the name of God'—'Stop! Stop!' said Frederick, 'and strike out all about God and say, Frederick wants another province.'"

**I think the miners of Colorado will also say, "Strike out all about God, and say, "We want 30% or 40% more profit."**

Said the junior Senator, from Colorado, Mr. Wolcott:

We, who are less benefited than any other portion of the Union by a high protective tariff, are asked to stand each session by the duties which the East formulates, and **when we ask that our silver shall also be protected,** and have behind us the wishes and desires of the vast majority of the people of the United States, we are called speculators, and told that our ideas are those of a dissatisfied and visionary people."

John Sherman, ex-Secretary of the Treasury, said in the course of the debate on the Silver bill, June 5th, 1890.

"I admit that prices for agricultural productions have been abnormally low, and that the farmers of the United States have suffered greatly from this cause. But this depression of prices is easily accounted for by the greatly increased amount of agricultural production, the wonderful development of agricultural implements, the opening of vast regions of new and fertile fields in the West, the reduced cost of transportation, the doubling of the miles of railroad and the quadrupling capacity of railroads and steamboats for transporation, **and the new fangled forms of trusts and combinations which monopolize nearly all the productions of the farms and workshops of our country, reducing the price to the producers and in some cases increasing the cost to the consumer.** All these causes co-operate to reduce prices of farm products. No one of them can be traced to an insufficient currency, now larger in amount in proportion to population than ever before in our history."

"**It is a fact that there has been a constant increase of currency.** It is a fact which must be constantly borne in mind. If any evils now exist such as have been so often stated, such as failing prices, increased mortgages, contentions between capital and labor, decreasing value of silver, increased relative value of gold they must be attributed to some other cause than our insufficient supply of circulation, for not only has the circulation increased in these twelve years 80 per cent., while our population has only increased 36 per cent., but it has all been maintained at the gold standard, which, it is plain, has been greatly advanced in purchasing power. If the value of money is tested by its amount, by numerals, according to the favorite theory of the Senator from Nevada (Mr. Jones) then surely we ought to be on the high road of prosperity, for these numerals have increased in twelve years from $805,000,000 to $1,405,000,000 in October last, and to 1,420,000,000 on the 1st of this month. This simple fact disposes of the claim that insufficient currency is the cause of the woes, real and imaginary, that have been depicted, and compels us to look to other causes for the evils complained of."

While only two days previous, Senator Morrill of Vermont had demonstrated more fully and in detail that there was no need of currency:

"It is not the wage earners that are idle so much as that capital in vast amounts are dormant and unemployed, and that the interest to be obtained thereon has probably never been lower than for the past year, as at the Clearing-house at Boston, it was (when noticed by me last) barely 2½ to 3 per cent. The individual deposits in all of our national banks, September 12, 1873, were $622,685,563, but on September 30th, 1889, they were $1,475,467,560; and this prodigious increase was largely in the country banks, where such deposits had risen at the same dates from $283,107,798 to the sum of $783,839,749, showing conclusively that there is no general lack of money for any legitimate use. And yet silver enthusiasts to inspire confidence, assure us that if the Government will only fabricate cheaper money by the hundred millions, money will be in demand, everybody will then want it, and that it will command higher rates of interest The policy is recommended, if by nothing else by poetry:

Drink deep or taste not the silver spring,
There shallow draughts intoxicate the brain,
And drinking largely sobers us again.

The fact as disclosed by the tabulated statement in the last annual report of the Secretary of Treasury, of the great increase of the amount of coin and paper currency in circulation since the act of 1873, has not been referred to by any one of the silver-tongued orators, but instead the evils of contraction of the money in circulation have been portrayed in the blackest colors in spite of facts showing a large expansion. I think the public will be rather astonished to learn from the authentic statement of the Secretary,* that not only has there been no contraction of the currency, but it has been actually doubled in amount from June 30, 1873, to June 30, 1889; the total money, exclusive of gold and silver, and legal tender certificates, at the period latest named being $1,666,095,420, while in 1873 it was only $831,316,337. Our population has not doubled, but the money in circulation has more than doubled.

## In 1891.

But the plans of the mine owners to secure "protection" were not fully developed until the last session of the 51st Congress. There were two reasons for this. The "Sub-Treasury" system silver law of 1890 had permitted the speculators to make millions of dollars in the temporary raise thus caused; and many mine owners had unloaded their mining stocks on the public. But all had not done so; and those who were "left," were clamorous for their share of the "protection" dividend which they had just failed to grasp.

Moreover, the new Congress, already elected, was strongly anti-protection, and it was "now or never" with the mine owners and bullion speculators, the latter of whom had upwards of $12,000,000 worth on their hands, stored in New York. The plan adopted was a very shrewd one. Taking advantage of the remains of the old greenback sentiment and the growing uneasiness of the farmers, the National Silver League supplied the funds and paid for the printing necessary to canvass the whole country in behalf of "free coinage of silver;" and through the Alliance combination with the Knights of Labor, worked the same propaganda among the Labor Associations.



As a result, by an expenditure of less than $20,000 (as per sworn statement to the Congressional Committee—though the late admission of Mr. Crandall, its Secretary, that among other things it circulated two millions of documents, makes it probable that a larger amount was expended), there was produced, what was probably the most prolific crop of resolutions and petitions ever showered upon Congress—mainly, too, from those who—however little they had deliberately considered the matter at all—were as honest in their impressions that what they wanted was more currency, and that free coinage would give them this, as they were ignorant that the whole movement was being "worked" by small a knot of mine owners. A bill providing for the unlimited free coinage of silver, on a basis as compared with gold of sixteen to one (or a 75 cent dollar), was actually passed by the Senate and introduced into the House of Representatives. **But free coinage was not what the mine owners really wanted.** It had served its purposes in carrying their scheme to a point where they could themselves shape its effect, and their real aim now appeared.

January 13th, 1881, the period limited for discussion of the free coinage bill in the Senate, was about to expire and the bill be put on its passage, when Senator Stewart of Nevada, its sponsor in the Senate, proposed to substitute for it a bill providing for such a **"mint charge" on silver produced elsewhere than in the United States** as practically limited coinage to American silver and shut out foreign silver by a sliding tariff, so gauged as to be always a little higher than a prohibitory rate. But prospects of discussion became such, and the danger of delay was so great, that he withdrew his proposition.

In the House this bill was held in Committee for a month, and Tuesday, February, 17th, had been provisionally fixed as the date for the report of the Committee and a vote upon the bill, when there was introduced, by Congressman Morrow of California, on the Saturday previous, just in time for the Republican caucus to be held Monday evening, a substitute bill of which the following was the vital part:

"Sec. 3. That from and after the passage of this act the unit of value in the United States shall be the dollar, and the same may be coined of twenty five and eight-tenths grains of standard gold, or four hundred and twelve and one-half grains of standard silver; and the said coins shall be receivable for customs dues and be a legal tender for all public and private debts. And any owner of gold or silver bullion, not too base for the operations of the mint, may deposit the same at any mint of the United States, in amounts of each of not less value than one hundred dollars, **to be coined into standard dollars for his benefit without charge,** and receive therefor, respectively, standard gold coin or standard silver coin; and, at the owner's option, he may receive instead therefor, at the coinage valuation thereof, Treasury notes, to be issued by the Secretary of the Treasury, of the form, character and function prescribed in Section Four of this Act: Provided further, That **all silver bullion not the product of the mines, mills or smelters of the United States,** and all silver coin and silver bullion the product of silver coin other than the silver coin of the United States, **shall be subject to a mint charge** to be fixed from time to time by the Secretary of the Treasury, **but which charge shall be equal to the difference between the market value of said silver bullion in London, England,** at the time of its deposit, **and the coinage value thereof.**"

In the caucus and in the Committee of Coinage, this substitute was favored by the silver leaders. Such a storm of denunciation came up, however, from all parts of the country that the eastern protectionists weakened, and the session closed without either bill or substitute ever coming to a vote.

**The purpose of the mine owners had, however, been made plain.** Under the current law the Government was already taking and issuing currency for an amount of silver equal to the total American product. Upon the plea that more currency was needed, a "movement" was blown up by the National Silver League that so terrified the politicians, as to drive through the Senate and progress in the House a bill for the free coinage of silver. Skillfully handling this, it was the purpose of the mine owners, as shown by their attempt, utterly to betray their farmer and labor friends, and to have passed a bill which would not increase the currency by a dollar, which would not even depreciate the currency and help the "debtor" class for which they had pretended such solicitude; but which would at once "protect" their silver by a prohibitory duty, and pledge the Goverment to buy all they could produce, at a price some 30% higher than the market rate.

And the attempt is not abandoned, though the Knights of Labor have dropped as a hot coal the mine owners' chesnuts their hands were being used to draw from the fire, and though the Alliance is rent in twain by the suspicions and jealousies that the scarcely concealed dickering of their officers with the Silver League has engendered. Through the moribund organization of New York, the demoralized Alliance of Ohio, and its starving National Committee, the agitation is kept up, while the country is scoured for new Adullamites, upon whose backs the silver protectionists propose to ride, till, just before the gates of the "protection" castle, into which their riders will have passed, they shall be again turned loose to feed on the nettles outside.

During the current month Mr. Russell B. Harrison's *Illustrated Newspaper* proposed as a solution of the silver question.

"First to limit free coinage to silver produced in the United States. **This could be done by levying a prohibitory tariff on imported silver.** As the domestic product is only about

$65,000,000 per annum, that amount could be readily utilized without fear of any graver consequences than will result from the present silver law."

That is to say, give mine owners 30 per cent. more for their product, but coin no more than the 54,000,000 ounces (equalling about $65,000,000 in coinage value), which under the present law the government must take and issue currency certificates for.

Should the bill for coinage of American silver only be passed, the result would be simply that $12,000,000 to $15,000,000 would be added to the amount the masses of our people are already taxed to subsidize protected capital. Those who like the present system might possibly endure another turn of the tariff thumbscrew. **They, too, are the best judges as to whether the owners of silver mines are or are not a specially deserving class, whom the farmers and wage earners of the country should be further taxed to support.**

## DEPRECIATION WOULD HURT WAGE EARNERS.

More numerous than all other classes combined, are those who sell their time and their labor for money—the wage earners and salaried classes. For all of them, from the clergyman to the factory hand, the one question that must decide where their interests in this matter lie, is: **"Will free coinage help us to get more, or will it compel us to be satisfied with less, of the necessaries and comforts of life for the money we can earn?** We are told by the advocates of free coinage at the present standard that the result will be to make money more abundant, to raise prices, which is simply another way of saying to make money cheaper. **We are told that this will make lively times, and that wages and salaries will be enough higher to make up for the extra cost of food. Is that true?**

Our silver tongued friends say that it is true, and point us to the enormous inflation of the currency in war time and the lively times in business that we had then and forgetting how terribly we paid for it all in the six lean years that commenced in 1873, they refer us to the years 1861 to 1865, as the proof of their claim. These were grand years indeed for speculators, for manufacturing employers, for financiers who carried on the great money transactions of the government, for contractors who supplied our armies with clothes and food and arms. But how was it with those who worked for money? Let us see. As to clergymen, physicians, lawyers and teachers there are no statistics. And even if there were they would count but little. It so happens not merely that working men are far more numerous than all the other classes combined; but that statistics are at hand showing just how much the different classes of artisans and day and piece laborers could purchase from year to year with the wages they received.

The calculation is made in this way. An estimate is made of the average quantity of each of the ordinary family supplies consumed during a year by an average working man's family; and by finding the average price of these supplies during each year it is easy to calculate the cost of the supplies for an average family in each of the years under observation. The average wages in each class of work for each year is then ascertained, and the proportion then calculated between each year's wages and each year's expenditure for family supplies. This has been done on a large scale for wide sections of the country and in numerous industries, and its results placed before Congress in tables whose accuracy has never been questioned.

What is the result? It is this—the same in kind for every class of labor, though some suffered worse than others. Taking both prices and wages as they stood in 1860 we find that in 1861 both prices and wages had risen, but that prices had risen faster than wages, so that the wages of 1861 would buy fewer of the comforts and necessaries of life in that year than the wages of 1860 brought in 1860. And so it went on more and more so as prices got higher and our currency more depreciated, till in 1865, when money was most plenty and prices highest a working man had to give 300 days work for the supplies that in 1860 he could have bought for 240 days work. In other words, though his wages were nominally higher in 1865, he actually lost in that year 60 days work on account of the depreciation of the currency. After that year money got dearer—that is prices grew lower and wages fell too; but their purchasing power so raised that from 1865 on the labor of each year bought more and more of the necessaries of life.

**In other words, in proportion as the money in which wages were paid became plentiful and depreciated, the wage earner lost the value of more and more days work in a year, and just in proportion as after the war money grew less abundant and dearer, the wage earner got for his work more and more of what he had to buy.**



Do you want to know where the lost days work in war time went to? They went to enrich financiers, employers, contractors, speculators. Do you want to know whence came the increased amount of goods that as prices grew lower after the war the laborer could get, even with his smaller wages? It came out of the pockets of financiers, employers, speculators, who were so drained that in 1873 and the years that followed many of them went to the wall. **The experience of these United States has therefore proved, that cheaper money, no matter how abundant, means less purchasing power in the wages the laborer gets, even though they are nominally higher.**

But this is not all. **Our silver friends forget that it was not cheap and abundant money that made the lively times we had here at the North during war times.** On the one hand we had government buying from us all we could raise or make at a rate so tremendous that in addition to the enormous war that taxes it owed in 1865 three thousand millions of dollars that it had borrowed to pay us for the provisions and goods it had used. Why shouldn't we have lively times when government provided such a market? Again, just at the very time when this great demand for all we raised and made, created a demand for laborers, government was taking our men by the million to fill its armies. How could there help being work for those who stayed at home?

If that was the case in war time when government purchases enormously increased the demand for the products of labor at the same time that enlistments in the army left the supply of labor inadequate to meet the demand for it, how much worse would cheap money be for the laborer, now in profund peace, when no extraordinary demand for the products of his labor can be expected to keep him employed, and no dearth of the labor market caused by enlistments will be at hand to keep his wages from falling?

Not merely the depositors in savings banks, in large proportions are what may be called the wage earning classes; but there are a very large number of other different forms of savings coming under the head of benefit insurance in which, together with the savings banks depositors, are personally interested a very large majority of the working men and wage earners. These men do not wish a depreciated currency in order to help them pay their debts. In the main they are creditors rather than debtors. They will not, if they can help it, permit such legislation as will cut down the savings of the depositor, who has made a deposit for the benefit of his little children that they may be helped in the world, which will cut down the weekly indemnity in case of injury, which will cut down the value of the burial funds, by which they propose to tide over times of worst misfortune and to be enabled to receive an honorable burial themselves. The number of 1,200,000 sometimes suggested is very far below that of the workmen who are interested in the various forms of benefit, indemnity and burial insurance; and every man of them will oppose to the utmost any attempt to depreciate the purchasing value of the medium in which that insurance is to be received when misfortune or death comes.

**For the laboring man, whose chief interest is to get as many goods as he can for the wages he earns, and who wants his savings bank account and his benevolent insurance to net him as much as possible, no money can be too good.**

---

* This conclusion is most strikingly substantiated by the calculations of Mr. Joseph H. Walker, an experienced and careful statistician, who has compiled tables showing the purchasing power of the wages of laboring men during the years of inflation caused by the war He said in Congress:

The silver men in the country who do not approve the bill reported by the Committee are determined to use silver to depreciate the currency. This is made clear beyond doubt or question by their persistent declaration that prices are too low, that they are made low by the want of sufficient money, and by their admission that their object in securing the free coinage of silver is to inflate prices. But most significant and conclusive of all is the admission of Senator Teller that **"The putting less gold in the gold dollar would have the effect he was seeking."**

The experiment of depreciating the currency has been tried in every country and never tried without reaching the same result, and never tried in any country under circumstances more favorable to the wage worker than here. A war was in progress during four years of the time, of such vast proportions that the consumption of the aggregate products of labor was increased by fully one-tenth besides which more than one-tenth of the men who competed with each other in the labor market were employed in military operations which was the equivalent of increasing the market for the laborer by one-fourth. Under these apparently favorable conditions for the wage worker the value of his wages to him ought to have materially increased, instead of depreciating, if it is possible for him ever to save himself from loss in periods of a debased currency. If under such conditions he lost the value of his year's wages in inflation, how can any one believe that the small farmers and wage workers will be benefited by the unlimited coinage of 412½ grains of silver into a legal tender dollar, depreciating the currency 20 per cent. aud more. During the ten years of inflation 1860—1870 inclusive. In a woolen mill. Plain weavers lost 1 year and 297 working days' wages. Fancy weavers lost 1 year and 114 working days' wages. Spinners lost 1 year and 70 working days' wages. Dyers lost 189. 4 working days' wages. Giggers lost 171 working days' wages. Shearers lost 113 working days' wages. In other employments—Locomotive engineers lost 1 year and 245 working days' wages. Locomotive firemen lost 1 year and 168 working days' wages. Machinists lost 1 year and 105 working days' wages. Blacksmiths lost 1 year and 86 working days' wages. Carpenters lost 260 working days' wages. The wage workers in this country lost from three-quarters of a billion to two and one-quarter billions of money in that time.

## THE CLAIM THAT WE NEED MORE CURRENCY.

### NO INSUFFICIENCY OF CURRENCY NOW.

In regard to the suggestions which have been made as to the purposes of more silver coinage, that we do not have enough currency, and that it would give us more. In the first place, there is no proof that we have any lack of currency. We have had during the last five years, more currency in bulk, in coin per capita, than ever has been known in any previous five years.* More than that, the bank facilities have been so increased by clearing-house methods, that the currency which we have to-day is capable of doing four times the amount of work that the currency of fifteen years ago could do then.

If we were to reason from the amount of currency now at our disposal, as compared with what was at our disposal in times which were called prosperous, we should have to assume that what we want is a reduction of the currency rather than an increase of it. There is no proof that it is a lack of currency from which we are suffering. We do not eat or wear money. We do not make our houses out of money. Money is only something that we temporarily use for the purpose of effecting exchange of the actual materials that we eat, drink, wear, or use; and, therefore, it is that comparative scarcity or plentifulness of money will always be measured by the rate at which we can rent money. Now, as a matter of fact, if one were told that houses were scarce in Washington, and he should, after examination, find that rents had been continually going down, and the stock of houses were large, and many of them were empty, he would take no time in arguing it. Therefore, when we are told that currency is scarce in this country to-day, and that we are suffering for need of it, the answer is, "My friend, you are mistaken, for the rent of money has been getting lower and lower, and to-day you can get money cheaper on the whole than ever before."

It is, however, claimed that such an addition to our currency as might come from the use of a greater amount of silver than we now have would benefit our commercial standing, and would benefit our citizens in making money easier. The amount of coin in circulation is one of the smallest factors of the great credit currency of the country in which business is transacted, and the volume of which (not in any one of its factors alone) determines whether "money," whatever it may be, whether gold, current funds or credits, is scarce or plentiful. It is not merely the legal currency which has been alluded to, not merely bank deposits subject to check, not merely credits of wholesale dealers to retail dealers, but the amount of outstanding millions of credits upon the books of the manufacturers and merchants, and lenders of the country that represents credit.

The anticipation of gold going to a premium would give a great blow to credit by destroying confidence, and if it caused the shrinkage of even one-tenth or one-twentieth of the amount of our loanable credits, would inflict a deeper blow to the credit of the country than any possible addition to the currency under this act could offset. We saw the consequences of this last November. There is not as much currency in the country to-day as there was then, when credit was shaken and confidence was lessened, and we have actually lost $70,000,000 in gold shipped to Europe within the last few months. There is no question but that the contraction of the current credits in which business men do business was then four or five times as much as the total amount of legal-tender currency in circulation. People may differ as to what will be the logical result of free coinage of silver under present circumstances; but in the opinion of a very large proportion of those on whose opinions depends the confidence of the business community, such a policy would be a dangerous one; and the result of the passage of such a course would produce such a contraction of credits as will far outweigh any advantage to be gained.

---

*Amount of gold and silver, coin and bullion; gold, silver and current certificates; United States notes and national and state bank notes in the United States, and distribution thereof at the close of fiscal years June 30, 1873, 1889, 1890 and 1891. (From the Report of the Secretary of the Treasury.)

| | 1873. | 1889. | 1890. | 1891 |
|---|---|---|---|---|
| GOLD: | | | | |
| In Treasury, including bullion | $72,281,637.86 | $303,581,937 | $321,304,106 | $238,518,120 |
| In national banks | 3,370,378.40 | 82,651,610 | 78,452,092 | |
| In other banks and in individual hands | 59,347,933.74 | 293,829,958 | 295,806,831 | 408,073,806 |
| Total | $135,000,000 | $680,063,505 | $695,563,029 | $646,591,926 |
| GOLD CERTIFICATES: | | | | |
| In Treasury | 5,208,680 | 36,918,323 | 26,732,120 | 31,606,030 |
| In national banks | 22,139,090 | 69,517,790 | 72,968,100 | |
| In other banks and in individual hands | 12,112,230 | 47,612,439 | 57,862,759 | 120,840,399 |
| Total | 39,460,000 | 154,048,552 | 157,562,979 | $152,446,429 |



## BANKING FACILITIES THE REAL NEED.

It is not meant, however, to infer that there may not and do not frequently occur local lacks of currency, which are harmful and may become serious—though they are generally not responsible for half the trouble laid at their door. **These, however, have never been caused by an actual lack of currency in the country: but are the result of a local lack of banking and other facilities for utilizing and transferring credit.**

And they would not be helped by any conceivable issue of currency. For, in a civilized country no individual, whatever his wealth, wishes to or will ever carry about with him, or keep in his individual possession, more than he wishes to use from day to day. He puts the remainder into bank just as soon as he can; and at any given date the banks of the country, including the Government Treasury, have in their safe keeping the available cash of the country—and that is just what it is their business to do. If, in a locality where banking facilities are ample, there arise a sudden demand for currency, the banks promptly pay out to their depositors the currency the latter find it advantageous to use or loan to others; these latter pay out the cash to those who daily redeposit it, so that it can be paid out again the very next day; while, if the demand is

| | 1873. | 1889. | 1890. | 1891 |
|---|---|---|---|---|
| SILVER DOLLARS: | | | | |
| In Treasury, including silver bullion | 1,149,305 | 289,489,794 | 323,804,555 | 374,857,074 |
| In national banks | ......... | 6,786,730 | 6,793,752 | 57,683,041 |
| In other banks and in individual hands | ......... | 47,670,569 | 55,788,307 | |
| Total (a) | a$1,149,305 | $343,947,093 | $386,386,614 | $432,540,115 |
| SUBSIDIARY SILVER: | | | | |
| In Treasury | 905,344.88 | 25,124,672 | 22,792,718 | 19,656,695 |
| In national banks | 2'440,618.32 | 4,495,681 | 4.524,801 | 58,290,924 |
| In other banks and in individual hands | 1,654,036.80 | 46,981,483 | 49,507,786 | |
| Total | $5,000,000 | $76,601,836 | $76,825,305 | $77,947,619 |
| SILVER CERTIFICATES: | | | | |
| In Treasury | ....... .... | 5,474,181 | 3,923,513 | 7,351,037 |
| In national banks | ........... | 12,452,057 | 15,865,318 | 307,364,148 |
| In other banks and in individual hands | ........... | 244,703,508 | 281,690,920 | |
| Total | | $262,629,746 | $301 539,751 | $314,715,185 |
| TREASURY NOTES: | | | | |
| Act July 14th, 1890, in treasury | ........... | ........... | ........... | 9,765,252 |
| In national banks and in individual hands | ........... | ........... | ........... | 40,463,165 |
| Total | ....... .... | ........... | .... ...... | $50,228,417 |
| State bank circulation | 1,379,184.00 | 201,170 | 197,484 | 194,000 |
| Demand notes | 79,967.50 | 56,442 | 56,032 | 55,647 |
| One and two year notes of 1863 | 142,105.00 | 62,955 | 62,365 | 62,000 |
| Compound interest notes | 479,400.00 | 185,750 | 182,460 | 180,000 |
| Fractional paper currency | 44,799,365.44 | 6,916,690.47 | 6,911,510 | 6,906,000 |
| National bank notes in Treasury | 8,304,586 | 4,158,330 | 4,365,838 | 5,655,174 |
| In national banks | 26,955.726 | 27,715,587 | 24,250,697 | 162,272,800 |
| In other banks and in individual hands | 312,006,749 | 179,505,046 | 157,354,240 | |
| Total | $394,147,082.94 | $218,801,970 | $193,380,626 | $175,325,621 |
| LEGAL TENDER NOTES: | | | | |
| In Treasury | 39,050,855 | 47,196,825 | 23,882,039 | 22,966,744 |
| In national banks | 106,381,491 | 97,456,832 | 92,480,469 | 323,714,272 |
| In other banks and in individual hands | 210,567,654 | 202.027,359 | 230,318,508 | |
| Total | 356,000,000 | 346,681,016 | 346,681,016 | $346,681,016 |
| LEGAL TENDER CERTIFICATES: | | | | |
| In Treasury | 215,000 | 240,000 | 500,000 | 1,425,000 |
| In banks | 31,515,000 | 16,955,000 | 11,890,000 | 21,365,000 |
| Total | 31,730,000 | 17,195,000 | 12,390,000 | $22,790,000 |
| Total bullion and metalllic and paper money | 962,506,387.94 | 2,099,968,718.47 | 2,170,329,320 | 2,219,266,328 |
| Total money exclusive of gold and silver and legal tender certificates | 831,316,787.94 | 1,666,095,420.47 | 1,698,836,590 | 1,679,086,296 |

a. Bullion in the mints and New York assay office.

NOTE 1.—The aggregate circulation should be reduced by the total amount of gold, silver and legal tender certificates to obtain the net circulation, as the funds which these certificates represent are also included in the aggregate.

NOTE 3.—The stock of gold and silver coin and bullion at the close of the fiscal years 1873 and 1889, was the amount estimated by the Director of the Mint.

NOTE 3.—The State bank circulation includes only the notes of the State banks converted into national banks. The amount of the outstanding notes of non-converted State banks is estimated at $148,434 sufficient to justify it, the local banks utilize the telegraph and the express to order and receive an additional supply from the great banking centers. That is the only way a local demand for currency can be met of late years. There has never been a general lack of currency to meet all such demands—apparent trouble of that sort having generally being a lack of current balances against which the currency can be drawn. So, though abundant banking facilities cannot ensure a community against financial crises, or other results of speculation, they can and do ensure it against lack of circulating medium. But in the case of a locality where banking facilities are inadequate, no matter how great the wealth or credit enjoyed by the members of the community, if a few thousand dollars cash is suddenly needed, it simply cannot be had. It would be so impracticable to raise it by going about and getting from individuals the few dollars that each happens to have in his pockets, that it is safe to say that this way of meeting a demand for currency has never even been tried. The community must wait until it can be helped out by some other locality that does have banking facilities. In other words, no matter how much currency the government should issue, even if everybody could get some, it would promptly find its way to the banks, which are the storehouses specially provided for that purpose; and the extent to which any locality would find it available would depend entirely, **first,** upon the amount of property that very community actually owned, **second,** upon the extent to which commercial activity made that property a subject of credit, and **third,** on the extent to which banking facilities made that credit transmutable into cash. Of this the annual call for currency "to move the crops" is a perfect example. From all our banking centers there are then shipped to the smaller villages actual bundles of bills and chests of coin—not to be used in the settlement of transactions between business men (which then, as always, are the great bulk of those in which money is nominally used), but to be paid out at little railroad stations all over the country to the men who have no bank account, and but once or twice a year—and then only till they can use it or deposit it for safe keeping—have any considerable amount of money in their possession or at their order. In a great part of the North and East banking facilities are so ample and close at hand that even the "movement of the crops" does not involve the use of much currency. For the very day the farmer gets paid for his wheat he deposits it where it is constantly available to the business community. As a consequence, no one has lately heard of a dearth of currency "to move the crops" in New York or Massachusetts, though there is far more money paid out there for the crops in a given area, even in proportion to the population, than in most far western or southern localities, where we hear of such a demand for money "to move the crops." The reason of this is that, in the latter communities, either on account of the lack of banking habits among the people, or the sparsity of local banks, or the weakness of the latter's connection with the banking system of the country, the money paid out to individuals takes longer to get back into the financial circulation; or, on the other hand, the community has fewer facilities for drawing on the general supply of currency.

The two extremes are represented by a compact Connecticut town, with its saving institutions, banks and trust companies, and an equally wealthy French provincial village, where the public pawnbrokers' shop and the local mercantile houses are the only financial institutions. In the Connecticut town, while no one carries much money or otherwise keeps any at all, it would be hard to conceive of a need or call for currency which could not be promptly met. In the French village, on the contrary, not merely would each person carry about what would be considered here an awkwardly large amount of coin and change, but nearly every laboring man or woman would have in chest or stocking a hoard of savings greater or less. At the same time, however, it would be practically impossible to raise, except through the tax gatherer, any considerable amount of cash. Indeed, it is precisely *because* the habits of the people tend to make each the holder of a large amount of currency that currency is so scarce when wanted for business purposes.

Such is the reason why, in every part of the country where banking systems are fully developed, there is no complaint of lack of currency. Such is the cause of the widespread complaint of insufficient currency that comes from every part of the country where banking facilities are insufficient. Wherever trouble of this kind does exist it would not be aided either by free coinage or an issue of fiat money. "Only to him that hath shall be given" is the invariable principle of financial proceedings. The new currency would be issued only to those, who, having much to give for it, need it least; it would find its way at once to the financial centres where it is least needed, and where to-day it can be gotten together in greater amounts and at shorter notice, and borrowed at a lower rate of interest than anywhere else or at any other time in the world's history.

To attempt by any conceivable issue of currency to alleviate the situation would be, as a public-spirited citizen lately described it, **"An attempt to fertilize the parched land whose wealth protective taxation has absorbed, by sprinkling with the government's little green watering pot the already flourishing beds where the bondholders bloom."**



## CONSEQUENCE OF ATTEMPTING INDEPENDENT BI-METALLISM.

As to the possibility of the United States putting up the price of silver throughout the world, it all depends upon one's estimate of the credit of the United States,—not merely in her own mind, but in the minds of the people who do not care for the United States. When Mr. Hutchison wanted to bull the wheat market he had to walk into the wheat pit in Chicago and buy up the wheat offered from everywhere (and it came even from Liverpool and from Washington territory), at the price at which he wanted to keep it, and he had to continue in the pit and take every lot that was offered or take the consequences, until the world's stock was reduced so low that destitution took place in many directions. If the Government proposes to keep up the price of silver to the point at which it is proposed to set it, its only way is to stand in the silver pit of the world and offer and give a price as high as $1.29 per ounce for every ounce that may be offered from anywhere. The extent to which it will be obliged to do so will only be determined by the holders of the silver of the world becoming convinced that it is willing to trust this Government's credit to buy all the silver in the world, and to continue indefinitely to purchase the steadily increasing annual product.

These assumptions as to what would be the course of silver in the world, and the extent to which we would become glutted with silver here are, however, not founded upon fact. But they are the inevitable result of the premises of those who favor independent free coinage by the United States, in case their belief is justified, and the price of silver is raised to, or approximately near the value of gold in our currency—that is to say, if the price of silver be raised to $1.29 and kept there. This, however, is scarcely to be imagined. The inevitable effect of the passage of a free coinage bill by the United States would be that gold would immediately go to a premium, and would finally go approximately to such a premium as would be equivalent to the difference between the bullion value of silver expressed in terms of gold and the currency value of silver expressed in terms of dollars to be coined from it under the law. In other words, there is not confidence enough by the world in the ability of the United States alone to uphold the price of silver even to start a great amount of silver hither. Such is the opinion of the absolute inefficiency of any legislation that we might pass actually to raise the price of the world's silver—a produce so widely distributed—that **the result would be immediately to contract the currency by the withdrawal from circulation of $600,000,000 in gold.**

### SIGNS OF THE TIMES.

There was outside of the Treasury in circulation a total of $1,442,964,431 (on June 30th, 1890), and there is on this date, June 30th, 1891, $1,507,465,202, made up as follows:

| | % OF TOTAL. 1890. | % OF TOTAL. 1891. |
|---|---|---|
| Gold coin and gold certificates | 35.004 | 35.086 |
| Silver coin, silver certificates and coin certificates (Silver Act, 1890) | 28.703 | 30.767 |
| National and other bank notes | 13.099 | 11.255 |
| Legal tender notes | 22.370 | 21.474 |
| Legal tender certificates | 824 | 1.417 |
| Totals | 100.000 | 100.000 |

The net amount of assets in the Treasury (over and above funds which simply balance outstanding liabilities) on June 30, 1890, were $155,872,159, and on this date, June 30, 1891, is $70,621,095, made up as follows:

| | % OF TOTAL. 1890. | % OF TOTAL. 1891. |
|---|---|---|
| Gold coin and bullion | 58.043 | 25.032 |
| Silver coin and bullion | 31.462 | 64.692 |
| National bank notes | 2.801 | 8.008 |
| Legal tender notes | 7.694 | 2.268 |
| Totals | 100.000 | 100.000 |

Up to a year since Custom House receipts—the main resource for our revenue had been paid almost exclusively in gold. Even September 1, 1890, the receipts were still 90 per cent. in gold or gold certificates. Then the operation of the Silver Act of 1890 began to be more sharply felt and the proportion of gold receipts or gold certificates steadily fell till in March last they were but 65 per cent.; in May, but 28 per cent., and during the current month, June, but 12 per cent.

**With gold receipts diminishing from adove nine-tenths to less than one-eighth upon total revenues; with our treasury assets consisting of but 25.032 per cent. of gold as compared with 58.043 per cent. a year since; with our circulation throughout the country already showing a change in the same direction; (the per cent. not redeemable in gold having increased from 28.703 to 30.767) with our Government expenditure so increased as to drain the treasury balance** and compel the Government to pay out just what it receives, and thus leaving it powerless to maintain parity between the metals by even temporarily meeting a "run" on its stock of gold, would the business man not be a lunatic who, whatever his faith in the great resources and good fortune of this country, would go nearer the slippery brink of disaster without a most earnest protest?

GOLD AT A PREMIUM ALREADY.

The president of a trust company in New York was shortly since asked, "How long after the passage of such a bill as this it would be before gold would be at a premium?" He said, "You had better ask me how long before such a bill is passed gold will go to a premium." He illustrated by the following statement: In New York, shortly since, a capitalist there presented to a certain loaning institution bonds to the extent of $300,000, issued by one of our States, the credit of which has always been good, and is to-day unquestioned. The State issued a number of these bonds without the gold clause, and which made no specification as to the kind of coin in which they were to be paid. He asked for a loan upon those bonds. He was offered a loan on what we call a margin basis of $240,000. In other words, he was refused an amount of money equivalent to what would have been produced by the use of $60,000, simply because they were not payable in gold coin as such.

## FARMERS SNUBBED—MINE OWNERS HEEDED.

Early in the session of the late Congress two bills were introduced; one desired by the Farmers' Alliance providing for the erection of branches of the Treasury in each county, at which the United States were to purchase the farmers' wheat, cotton and corn at 80 per cent. of the current market prices. The farmers were to have the privilege of buying back their wheat and cotton within a fixed period by repaying the purchase money, together with a certain percentage for storing and handling. **This bill was rejected** by the high protectionist leaders in Congress as absurd and chimerical, and entirely unworthy of consideration.

The other bill was the Silver Bill championed by the united body of the Senators and Congressmen who represented the silver mine owners. Their bill provided for the purchase of the silver produced by the miners at the market rates without the 20 per cent. discount. It also provided for the storage of that silver in the government vaults, from which it is not to be taken and sold in the markets in competition with other silver produced by the miners. **This bill was passed.**

**Government has not discriminated against silver, but on the contrary has discriminated in favor of the mine owners** *to an extent that no other civilized nation has ever done, and to an extent that our Government has efficiently donein favor of no large interest outside of the iron, steel, crockery and glass monopolies—this in return for votes in favor of the McKinley Tariff Bill,* and **pig silver has been given a place at the tariff trough, by the side of pig iron, pig copper, pig tin and pig lead.**

31273

END OF TITLE

98-84336-21

Ward, Hamilton

16-1, will it pay?

East Aurora

1896